



**SPECIAL ASSESSMENT**

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## **Asia's China Debate**

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# **Returning Home or Selling Out? Taiwan's China Debate**

**D E N N Y   R O Y**

## **Executive Summary**

- The stakes in Taiwan's debate about China are extraordinarily high. Not only does Taiwan's continued prosperity depend largely on how it positions itself relative to China, but China is also Taiwan's chief security threat.
- The political aspect of Taiwan's China debate involves the question of whether or not Taiwan is part of China. Positions on this issue closely follow the ethnic breakdown between long-standing "Taiwanese" residents and more recently arrived "Mainlanders."
- Taiwan's people also disagree on the extent to which Taiwan should economically integrate with China, but opinions on this question do not necessarily conform with ethnic differences. Like many Mainlanders, the largely Taiwanese business community favors accelerating direct trade and travel links across the Strait.
- Taiwan's lack of consensus regarding the relationship with China adds to the potential instability that could contribute to a cross-Strait military conflict.
- Nevertheless, the preference of most of Taiwan's people for the status quo and the power of shared economic interests to transcend ethnic and political divisions raise hopes that stability will persist until future conditions alleviate the possibility of armed conflict.
- The sharp debate in Taiwan about China complicates the delicate three-way relationship and requires careful monitoring by Chinese, Taiwan and U.S. leaders.

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China is an important issue for all countries in the Asia-Pacific region, but the debate about China in Taiwan is uniquely intense. For Taiwan's people, their relationship with China is a life-and-death issue. China potentially may hold the keys to Taiwan's wealth or impoverishment, peace or war, and the survival or extinction of the institutions that comprise the Republic of China (ROC). China treats its relationship with Taiwan (in Beijing's view an "internal matter") differently than its bilateral relations with the rest of the region, in which the Chinese generally emphasize the principles of sovereign equality of all states and the peaceful resolution of disputes. In contrast to its generally friendly diplomacy toward other governments in Asia, China maintains an open threat to use force against Taiwan under specified conditions and insists that Taiwan's leaders accept subordinate status to the Beijing regime (which argues that Taiwan properly belongs as a province of the People's Republic of China [PRC]).

An underlying theme of Taiwan's discourse about China is a profound disagreement among Taiwan's people about their desired future relationship with their huge neighbor, which is at once their largest potential market and their chief security threat.

## CHINA AND CROSS-STRAIT POLITICS

The debate about Taiwan's political relations with China largely follows ethnic lines. Comprehending the ethnic divide requires a bit of historical background. Taiwan's people may be divided broadly into two groups: "Taiwanese," who are mainly the descendants of ethnic Chinese who settled in Taiwan generations ago; and "Mainlanders," Chinese who have settled in Taiwan since the end of World War II, plus their Taiwan-born offspring. Before that time, the Taiwanese had developed a sense of political and national identity distinct from China, especially after fifty years of Japanese rule from 1895 to 1945. They were aware that Taiwan was both economically and politically more developed than any province in mainland China. By contrast, the Mainlanders, including the two million adherents of Chiang Kai-shek's ROC government who fled to Taiwan after defeat by Chinese Communist Party (CCP) forces in 1949, viewed Taiwan as a province of China and a place of temporary sojourn before their return to the mainland. The Taiwanese community consists mostly of people who originated in China's Fujian Province. Taiwan is also home to sizable Hakka and Malayo-Polynesian aborigine minorities. These latter two groups tend to take positions on the issue of Taiwan's relationship with China that are closer to those of the Mainlanders, largely out of fear of domination by the majority Fujianese.

Although most Taiwanese welcomed reversion from Japanese to Chinese rule, relations between them and their new Mainlander administration quickly deteriorated. The Taiwanese-Mainlander rift culminated in 1947 in the infamous February 28 Incident, an island-wide rebellion, and a retaliatory massacre by ROC troops that killed thousands of Taiwanese. The "2-28 Incident" remains a touchstone of Taiwanese anger toward Mainlanders today. This ethnic divide is gradually blurring due to intermarriage between Mainlanders and Taiwanese. Eventually the Mainlander-Taiwanese divide may cease to be relevant, but it will remain a powerful political force for at least another generation.

This historical background strongly conditions the discussion of China in contemporary Taiwan. The mainstream Mainlander position is that Taiwan's people

are inescapably Chinese by culture and ethnicity, that Taiwan is historically and geographically part of China, and that Taiwan and China must eventually reunify. The two major political parties that reflect Mainlander sentiments ("Blue" parties) are the Kuomintang (KMT), which ruled Taiwan until it lost both the presidency and leadership of the legislature in 2000, and the People First Party (PFP), led by former KMT member James Soong. Mainlanders also dominate Taiwan's bureaucracy and high-ranking positions in the military. Taiwanese, on the other hand, generally support the view that Taiwan is not only more advanced than China, it also has a separate identity, cannot trust China to protect its interests, and should have the right to choose its own destiny, including possible formal independence from China. The two main "Green" parties, which cater to Taiwanese attitudes, are the Democratic Progressive Party (DPP) and the Taiwan Solidarity Union.

Taiwan's people have reached a consensus on several important issues involving their relationship with China. The first is that Taiwan has no interest in becoming a province of the PRC. When Mainlanders speak of Taiwan belonging to "China," they mean the ROC or the Chinese nation. Similarly, China's proposed formula for peaceful unification, "one country, two systems," is rejected by both Greens and Blues. Taiwanese politicians call the proposal a "trap" that would leave the island unable to protect its autonomy and hard-earned prosperity. The KMT has opposed "one country, two systems" since the idea's inception, and both Taipei's KMT Mayor Ma Ying-jeou and KMT Chairman Lien Chan recently reaffirmed that they could "never accept" it. Protests by thousands of Hong Kong residents in the summer of 2003 over the proposed Article 23 of Hong Kong's Basic Law, widely condemned as an attempt by Beijing to restrict the former British colony's civil liberties despite the promise to leave the political system unchanged for fifty years after its return to Chinese rule, only reaffirmed Taiwan's suspicions. Editorials in the *Taipei Times* said the episode demonstrated that one country, two systems "has clearly been exposed as a crude fraud" and that "the 'one country' stands for China and the 'two systems' stand for 'dictatorship' and 'oppression.'"

There is general enmity in Taiwan toward the CCP government—considered undemocratic and untrustworthy—and resentment over Beijing's attempts to isolate Taiwan. Most Taiwan people believe that while claiming to be concerned with the welfare of "Taiwan compatriots," China has worked diligently to suppress Taiwan's opportunities for international engagement as a means of maintaining pressure on Taipei to accept the PRC's unification proposal. Beijing continued to oppose Taiwan's membership in the World Health Organization (WHO), for example, through the SARS crisis even though Taiwan was one of the areas most severely affected by the disease. China tried unsuccessfully to block the dispatch of WHO officials to Taiwan. Many Taiwan people concluded that during the SARS crisis that China harmed Taiwan not only in Beijing's obstinacy on Taiwan-WHO cooperation, but also in its poor handling of the epidemic inside China (which increased the chance of infected people carrying the disease across the Strait).

Finally, although the Fujianese comprise 70 percent of Taiwan's population, most of Taiwan's public wants to maintain the status quo of de facto but not de jure independence. Taiwan's Mainland Affairs Commission sponsors regular opinion polls on the views of Taiwan people toward relations with China. For several years running, between 50 and 60 percent of poll respondents have said they prefer neither unification nor formal independence now. A minority of about 6 percent favors immediate formal independence. Another small group favoring

immediate unification has in past years included as many as 4 percent of respondents, but between late 2002 and mid-2003 this group fell to less than 1 percent of respondents. These polls are taken within the context of Beijing's threat to use force in the event of a formal declaration of Taiwan independence. The majority of Taiwan's people have evidently concluded that the additional possible benefits of independence are not worth the risk of war. Most members of the Blue camp, which favors *eventual* unification, believe it cannot occur until China becomes more wealthy and democratic, thus reducing the differences between Taiwan and the mainland. "It will take at least fifty years for the two sides to unite," Taipei Mayor Ma has said.

However, the basic question of whether Taiwan is politically part of China or not remains unresolved. From this uncertainty stem heated debates about several related issues. Is China, for example, Taiwan's mother country or its archenemy? Both the Mainlander politicians who promote cooperation and harmony with China and the Taiwanese politicians who urge aloofness from China see themselves as defenders of the national interest and their opponents as "traitors" who are "selling out the country." Both sides are arguably correct, given their points of view. A steady stream of KMT and other conservative politicians have visited China and even met with CCP officials since the DPP's Chen won the presidency in 2000, leading to bitter complaints from Taiwanese commentators that Beijing is practicing the historical Maoist principle of the "united front," allying with a lesser enemy (anti-communist Chinese conservatives) to defeat the greater enemy (Taiwan separatists). To counter charges of Blue politicians "selling out" ahead of the next presidential election, the opposition announced in July 2003 plans to draft a law that would prohibit activities such as Taiwan officials and lawmakers doing business with China.

Mainlanders emphasize the racial and cultural links between China and Taiwan—they are "close cousins." Many Taiwanese counter that their island is not Chinese but cosmopolitan, combining influence from its aboriginal inhabitants, Japan, and former Western colonists with that from China. Vice President Annette Lu famously quipped that Taiwan and China are "close neighbors" but only "distant cousins." Chen's government has promoted greater awareness of aboriginal culture as one means of reinforcing the point that Taiwan is distinct from China.

There is little question in Taiwan that China poses a serious potential military threat to Taiwan. China's military modernization, deployment of short-range ballistic missiles (now numbering about 450 and increasing annually), and interest in information warfare have raised worries of a Peoples' Liberation Army (PLA) attack designed to intimidate Taiwan into surrendering according to Beijing's terms. If China seems ill-prepared to conquer Taiwan through an amphibious invasion, analysts on Taiwan fear China could attempt a surprise "decapitation" strike that targets vital defense infrastructure—such as the island's airfields, radar stations and command and control facilities—with missiles, air raids and cyberwar. Many Taiwanese see this as "terrorism" by a foreign government attempting to impose its will upon a self-governing people. Mainlanders, however, would tend to see China's military threats as a nationalistic reaction to provocations by would-be Taiwan separatists. From this standpoint, these separatists are largely to blame for the threat of a cross-Strait military conflict.

A related dispute, both across the Strait and within Taiwan, centers on the "one-China" principle. While this often strikes outsiders as an overreaction to an

apparently minor question of semantics, the wording at issue involves no less than Taiwan's decision to ultimately unify with the mainland or to seek political independence. Beijing has long maintained that if Taiwan's people accept the premise that Taiwan's destiny is to be part of China, then, as the 2000 PRC White Paper put it, "any matter can be negotiated." Conversely, in Beijing's view, if Taiwan rejects this premise there is nothing to discuss. Hence, China suspended semi-official cross-Straits negotiations over President Lee Teng-hui's 1999 remark that Taiwan and China have a "special state-to-state relationship." Beijing asserted that Lee's statement was tantamount to a rejection of the one-China principle. After Chen's election in 2000 Beijing demanded that he reaffirm the one-China principle as a precondition for resuming cross-Straits talks. Chen's government refused, saying this would fatally compromise Taiwan's sovereignty and security. Conversely, the Blue camp would reinstitute the one-China policy. KMT presidential candidate Lien Chan said if he wins the presidency in 2004 his government will reopen negotiations with Beijing under the principle of "one China with different interpretations." This compromise, to which China has hinted assent, would allow the two parties to shelve the difficult issue of whether "China" means the ROC, the PRC, or some larger entity of which both are parts. PFP Chairman Soong further smoothes over the potential contention with his formulation "one roof, two seats." The KMT argues that such a "consensus" on leaving this problematic area vaguely defined made possible the ground-breaking 1992 meeting between Chinese and Taiwan negotiators. Yet even "one China with different interpretations" has been unacceptable to Chen's government. Many of Chen's supporters take the position that all is lost once Taiwan agrees it is part of even an abstract "China."

## CHINA AND CROSS-STRAIT ECONOMICS

The other major aspect of Taiwan's debate about China concerns the cross-Straits economic relationship. The Chinese market is extremely attractive to Taiwan business people, offering immense size, lower production costs, disciplined labor, and the advantages of common language and cultural background. Public opinion and a proliferation of illegal trade have forced Taipei to assent to a gradual reduction of the tight restrictions against trading with China imposed after the Chinese Civil War. With the economy presently in a serious recession, many in Taiwan have argued that a stronger economic relationship with China is the key to regaining Taiwan's prosperity. The question, therefore, is whether Taiwan should accelerate its economic integration with China or maintain limits on cross-Straits interaction and commerce out of concern for national security. Not surprisingly, the economic side of the China debate has very strong political overtones.

The fault line in the discussion of economic integration with China does not neatly follow the Taiwanese-Mainlander divide. The principal proponents of dropping the restrictions on cross-Straits trade and travel are Taiwan's business people, most of whom are ethnic Fujianese. The Mainlander-dominated military emphasizes the risks of close integration, but perhaps the most vocal and sustained proponents of continued restraint are Taiwanese activists and politicians, including some members of Chen's government.

Taiwan's business community argues that maintaining and increasing the island's standard of living requires both taking advantage of economic opportunities in China and preserving a peaceful environment that will facilitate cross-Strait trade and investment. Therefore, Taiwan should be more accommodating to China (e.g., accept the one-China principle) and ease travel restrictions. The interest of this largely Taiwanese business sector helps moderate what might otherwise be stronger demands for political independence.

Taipei currently does not allow direct transportation links between Taiwan and China except for a few strictly limited exceptions. This imposes great additional costs on Taiwan business people. Travelers between Taipei and Shanghai, where several hundred thousand Taiwanese reside, cannot fly directly but must first stop over in Hong Kong, adding hours to the trip. Lien Chan has said if he is elected president his government will move immediately to implement the "three links" (direct cross-Strait trade, transportation and postal service).

Opponents of deep economic interdependence between Taiwan and China fear creating vulnerabilities China could later exploit for political purposes. China might, for example, threaten to cut off Taiwan's access to Chinese supplies or markets upon which the island had become dependent unless Taipei agreed to unify on Beijing's terms. Commentators in Taiwan have suggested China might even seize Taiwan citizens residing in China as hostages.

The PRC has long welcomed greater economic and social interaction with Taiwan as part of Beijing's strategy for unification. China has even tolerated a trade deficit with Taiwan. The Chinese hope that as more Taiwan people visit and reside in China, their apprehension about China will fade, their identity with China will increase, and a constituency for closer cross-Strait relations will grow within Taiwan. Many in Taiwan believe China's strategy is working. Some commentators complain that Taiwan business people who relocate to mainland China become effectual mouthpieces for the PRC government, arguing in favor of Chinese positions such as affirming the one-China principle and speeding up integration. This phenomenon of a pro-PRC constituency in Taiwan could intensify with growing numbers of Taiwan children being raised and educated in China while their parents are working on the mainland, and with Taiwan business people marrying PRC nationals and bringing them to Taiwan. Some in Taiwan also express worry that agents of the PRC government are infiltrating amidst the growing numbers of Chinese coming to Taiwan for work or as spouses of Taiwan residents. China is allegedly trying to steal technological secrets from Taiwan, targeting in particular facilities such as the Chung Shan Institute of Science and Technology and the Hsinchu hi-tech industrial park. In August 2003 a group of DPP legislators warned of the danger of Chinese female spies working as bar hostesses seducing Taiwan's computer engineers and fighter pilots.

Some Taiwan commentators see a joint KMT-Beijing propaganda battle attempting to discourage Taiwan business people from investing at home and instead persuade them that China is the economic wave of the future, goading them to bring pressure on the Chen government to hasten integration. China has a huge advantage in this battle for investor confidence because its authoritarian political system and relative lack of transparency allow the Chinese government to exaggerate the health and success of China's economy. Some Taiwanese

commentators charge that this campaign is a manifestation of the old Mainlander desire to use Taiwan's wealth and resources to build up China.

Several of Chen's appointees have argued that the potential benefits to Taiwan of direct transportation links are exaggerated by proponents. The overall effect, they say, could be negative, with a transfer of Taiwan's talent, resources and capital to China and marginalization of Taiwan's economy within the global trading system. In a July 2003 editorial in the *Taipei Times*, Huang Tien-lin, a national policy advisor to Chen, called direct links and a Beijing-sponsored proposal for a Taiwan-China free trade area "strategies aimed at making Taiwan quench its thirst with poisoned drinks." He decried "China's evil plan to bait Taiwan businesspeople" with "lures that make you lose reason and resistance...to make you fall into its trap to be slaughtered." Taiwanese political activists such as former President Lee Teng-hui argue that further cross-Straits economic integration would benefit a few Taiwan business people but harm the majority of the island's population. In August 2003 Lee warned of Taiwan's people losing jobs to Chinese migrants and a drop in salaries and real estate prices in Taiwan to levels that prevail in China.

## CONCLUSIONS

**T**he debate about China among Taiwan's people reflects a lack of consensus on several important issues, the most important being Taiwan's ultimate political relationship with the mainland. That there is a lively debate is a testament to Taiwan's progress in instituting a liberal democratic political system over the last two decades. That there are differing views about China among different sectors of Taiwan society is wholly understandable. Many thoughtful people in Taiwan lament, however, that the acrimony, shallowness and ethnic enmity evident in debates about China and other issues demonstrate a weakness and immaturity in Taiwan's democracy.

With the strong likelihood that a conflict in the Taiwan Strait would draw in the United States, Washington has a strong interest in preventing China and Taiwan from coming to blows, while simultaneously maintaining a constructive relationship with China and honoring its legal (the Taiwan Relations Act) and sentimental commitments to Taiwan. Yet the effect of Taiwan's ambivalent feelings toward China on cross-Straits stability is uncertain. On one hand, the persistence of support among some of Taiwan's people for the one-China principle and for stronger economic links with China gives Beijing a basis for believing Taiwan will eventually choose to reunify with China. This makes China less likely to conclude that only military force will succeed in preventing Taiwan independence. On the other hand, if Taiwan were united behind the idea of political independence, the enhanced political and social cohesion that would result might strengthen Taiwan's capability to defend itself and thus help deter a potential Chinese attack. Adding to the uncertainty is the complexity involved in "detering" China, given that domestic political considerations in China might prompt the PRC to launch a military campaign in the event of a declaration of formal independence by Taiwan even if Beijing did not expect the attack to succeed. In any case, this division among Taiwan's people would seem to ensure that whatever form of cross-Straits relationship outside countries such as the United States prefer, a



substantial proportion of Taiwan's people will disagree. The sharp debate in Taiwan about China complicates the delicate three-way relationship and requires careful monitoring by Chinese, Taiwan and U.S. leaders.

The sense of political and national separateness among the Taiwanese is generations-old and will grow deeper over time unless effectively counter-acted by China's attempts to cultivate warm feelings toward the mainland. Yet the Blue parties that favor a one-China policy remain a powerful political force and could win the presidency in 2004. The line drawn in the sand for much of the Green camp—rejection of the premise that Taiwan is part of China—is directly and seemingly irreconcilably at odds with the Blue camp's (and Beijing's) bottom line. The end of this sharp divergence over China, and all that comes with it, is not foreseeable. Nevertheless, there is hope for continued stability in the Taiwan Strait in that so much of the island, including many who see themselves as more "Taiwanese" than "Chinese," prefer to carry on with the status quo and cross-Strait business as usual rather than put Beijing's threats to the test.

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